



MEETING SUMMARY

California Water Plan Update 2018

Policy Advisory Committee

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Department of Water Resources

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Background

For almost 60 years, the California Water Plan (Water Plan) has served as the State government's comprehensive guide to managing and developing water resources across California. Currently, the California Department of Water Resources (DWR) has focused the Water Plan to work as a key resource to implement Governor Edmund G. Brown Jr.'s California Water Action Plan (Action Plan).

The collaborative planning framework of the Water Plan provides elected officials, agencies, tribes, water and resource managers, businesses, academia, other interest-based stakeholders and the general public to make informed decisions regarding California's water future. DWR is required to update the plan every five years. The last several versions of the plan have emphasized the State's commitment to integrated water management. The 2018 update focuses on sustainability and, for the first time in Water Plan history, includes a five-year implementation plan. This was the second meeting of the Policy Advisory Committee (Policy AC) for California Water Plan Update 2018 (Update 2018). All five volumes of *California Water Plan Update 2013* are available for reference or download at <http://www.water.ca.gov/waterplan/cwpu2013/final/>.



Meeting Objectives

- Describe how current events shape and inform Update 2018.
- Take-aways from April 12 Water Summit – Building Capacity for Regional Sustainability.
- Review and comment on:
 - Sustainability outlook.
 - Policy recommendations.
 - Funding plan.

A. Welcome & Overview, Introductions

Charlotte Biggs, DWR's Executive Program Manager, reviewed general housekeeping items and welcomed members of the public. DWR staff and Policy AC members introduced themselves. Section K includes the list of attendees.

Kamyar Guivetchi, DWR, welcomed and thanked participants for their attendance. He thanked the Water Plan project team for all the work done between the October meeting and today. He directed participants to the workbook for detailed agenda items and tasks. He commented on the environmental changes in the past year, which ranged from drought to floods, and asked participants to think about how Update 2018 can reflect the new reality.

Gary Bardini, DWR's Deputy Director of Integrated Water Management, also provided welcoming remarks. He said Policy AC input is critical to the Water Plan update. He reflected on the changes that have occurred since the last meeting, from political change to the major tests of California's water infrastructure. He reviewed some of DWR's key activities that inform the Water Plan. These include:

- Financing critical infrastructure.
- Improving infrastructure safety and emergency preparedness/response.
- Maintaining conservation efforts.
- Moving towards a water budget approach to urban water management.
- Improving data management and data infrastructure.
- Implementing the Sustainable Groundwater Management Act.
- Making progress on groundwater replenishment and storage, water reliability, ecosystem restoration, and water conveyance.

He emphasized that all water management activities require an element of financing and an agreement in the institutional framework. The rainfall this year had a heavy impact on multiple State infrastructures, including transportation. He said the Governor's administration recognizes there is a financing shortfall for infrastructure improvements, and is interested in more financing options, including incremental investments ("pay as we go"). In closing, he emphasized the importance of State partnerships at multiple levels (local, federal) for financing the implementation of Water Plan recommendations.



B. Building Capacity for Regional Sustainability: Take-aways from April 12 Water Summit

Art Hinojosa, DWR's Division Chief of Integrated Regional Water Management (IRWM), provided highlights from the April 12 water summit in Sacramento, California. He said approximately 200 people attended the event, including many regional stakeholders. There was healthy discussion on the nexus between the Sustainable Groundwater Management Act (SGMA) and IRWM. He commented that SGMA brings entities together primarily through regulatory compliance pressure, while IRWM provides incentives for compliance (or participation). DWR has heard a lot about the need to build trust to be able to work together. Though there are different perspectives and needs, we can accomplish and achieve sustainability by working together with a shared purpose. Overarching themes from the summit included:

- Working together creates mutual benefit.
- We have to live within our means if we are not going to deplete resources.
- There is a need for continued collaboration, cooperation, and communication.
- Data and information management are key — we need to measure in order to manage.

Mr. Hinojosa discussed next steps, which include continuing the conversation, and with patience. He emphasized the need to maintain a sense of direction and purpose that transcends political administrations. He said DWR wants to continue efforts with regional capacity building and combine top-down and bottom-up management approaches.

C. Framing Water Policy for Update 2018

Mr. Guivetchi explained that at the October Policy AC meeting, DWR laid out the framework for Update 2018. This update will be a prioritization document and will memorialize its integration with the Action Plan. This update will include a five-year implementation plan. He said DWR wants to develop a strategy with the governor and legislature, which requires broad stakeholder input and support.

Ms. Briggs asked Policy AC members to provide input on the following questions:

1. Given the occurrence and impact of current events, what should Update 2018 try to accomplish or incorporate?
2. Given DWR's intent to support managing for sustainability at a regional scale, what findings and recommendations should the Water Plan team consider for Update 2018?

Discussion

- Question: Does DWR have an internal resolution on how it will implement Assembly Bill (AB) 685 (The Human Right to Water)?



- DWR: We can issue policy statements, not resolutions, in response to legislation. We do not have a formal policy for AB 685, but we are working at the program level to address the legislation.

Policy AC members offered recommendations and comments on the plan summarized below. Main themes included plan framework and components, key issue areas, and the role of science and tools.

Recommendations/Comments

Plan Framework and Components

- There is a need for prioritization and integration in Update 2018. There is limited managerial expertise and financing. The State needs to tell people on the front lines where to focus their water management efforts.
- Update 2013 took a step forward on environmental justice and tribal issues related to water. Update 2018 should put fairness and equity in the forefront, along with the other societal values. In the context of limited resources, we need to be clear about what we value. For example, Update 2018 should clearly commit to the human right to water. Other issues include water affordability and emergency preparedness.
- This update should include a comparison of State actions taken after the droughts in 1976, 1987, and 1992, and now. Learn from the actions taken and strategies pursued in the past to sequence our next steps, starting with groundwater storage.
- The environmental extremes we experienced recently could be the organizing theme of Update 2018.
- Update 2018 could include an executive summary with signatories from the stakeholder groups, rather than signed by DWR executives and plan managers. This will help demonstrate the level of stakeholder buy-in when the plan goes to legislators for approval.
- We need to shift from responding to current events, to strategic long-term management of water resources. This requires clear performance metrics.
- The Water Plan is a great tool, and would like to see more implementation by DWR and regional and local entities. Would like to receive information from DWR about implementation accomplishments. The update should focus on watersheds, and emphasize the Governor's and legislators' roles and participation in water management.
- We should use the resources we have to identify key issues, and then develop an implementation plan. The plan can move forward over time and allow legislators to fund parts or phases.
- DWR should look at the State Water Resources Control Board (SWRCB) presentation on Propositions 218 and 286 to identify improvements for the base rate costs rather than implement a tax levy. There are new limitations and opportunities with this legislation.
- DWR: The Water Plan Tribal Advisory Committee translated its recommendations into a letter to the Legislature. This could be a tool for the Policy AC to elevate its work as well. To develop a letter, members will need to work together to be able to sign on. It would



be a strong statement of support from the Policy AC if the group developed a support letter for Update 2018.

Key Issue Areas

- Focus on groundwater recharge and storage. Groundwater is our biggest storage area in the state. Recharge helps address other issues, including ecosystem benefits and flood control. Identify and quantify lost opportunities for groundwater recharge. Locate and share information about potential best areas for recharge. Consider recharge infrastructure needs. There is opportunity in the Central Valley now, before additional urbanization. Suggest development of a master plan to build a water conveyance system along the western front of the Sierra. Look at the Los Angeles basin for examples of what is the need in the Central Valley. The State needs to lay out a vision and do the high-level planning.
- Local capacity is key to water management. Devote resources locally. Los Angeles has demonstrated successful urban recapture of stormwater, but there are many more untapped sources, such as the Los Angeles River. The push for multiple benefits also means there is a need to find funding sources to achieve the desired benefits.
- The federal administration is promoting investment in infrastructure primarily through engaging the private sector. But, I am unsure of how flood protection management fits in, since it is difficult to capture the cost of flood protection benefits. There are already proposed cuts to the U.S. Army Corp of Engineers. Discussions with federal partners needs to include flood management.
- Update 2018 should include a forest-health perspective on the connection between water quality and water supply. There are many counties with a lot of public land. There is a connection among forest health, soil erosion, and water quality issues.
- Update 2018 should discuss the regional sustainability issues at the Salton Sea.

Science and Tools

- We need to understand atmospheric rivers and weather systems better to know when water is coming into the system. This will allow us to determine when and where to release water downstream.
- There may be a need to invest in science and technology to further our understanding of groundwater and our ability to manage it. We need to understand more about unintended consequences (i.e., urban runoff and habitat impacts) that change the groundwater quantity and quality.
- Our current understanding of atmospheric science indicates that future conditions will be more variable and difficult to predict. We have more certainty about temperature changes than precipitation dynamics with climate models. Science is not necessarily going to help us know when things will happen, but science can help us know where the water should go. We need to be prepared.
- It is critical to provide a description of the role and success of the integrated water management system in Update 2018, as well as a description of how to optimize the system. There are existing models (e.g., California Statewide Integrated Model) for



capture and recharge of water. Ecosystem enhancement is also important, and we especially need to be more proactive with cold-water management.

- We need a better understanding of where to sequester water, including winter storage in the mountains.
- We need models and better forecasting for management decisions and actions. We need to incorporate tools into emergency planning.

D. Update 2018 Draft Chapter Orientation

Paul Massera, DWR's Manager of Strategic Water Planning, shared that the agency released the draft Assumptions and Estimate Report (A&E Report) for Update 2018. The A&E Report addresses key content for Update 2018 and the new approach. It includes information on water budgets, water availability, and other elements. The link is on the DWR website and people can submit their comments on the A&E Report online. He then reviewed the annotated chapter outline for Update 2018.

- Chapter 1 lays out the vision and values of Update 2018. This chapter will include the State's obligation to support disadvantaged communities (DACs) and provide public benefits.
- Chapter 2 presents a sustainability outlook at the State level.
- Chapter 3 presents policy recommendations and supporting actions, which will include management for extremes. This chapter includes a five-year plan for policy recommendations and addresses long-term issues as well.
- Chapter 4 lays out the funding plan. This chapter will include recommendations for new funding approaches.
- Chapter 5 presents the implementation plan, funding and actions over time, and identifies those responsible for implementation. The implementation plan and framework will provide performance metrics for effectiveness.

E. Working Lunch: Legislative Perspectives on Water Policy

Rachel Ehlers, Principal Fiscal and Policy Analyst from the Legislative Analyst's Office (LAO), presented on the LAO, the policy climate in Sacramento, and offered advice on making Update 2018 helpful to legislators.

She explained the LAO is a nonpartisan fiscal and policy office that advises the Legislature. The LAO provides independent advice and analysis. She said her office works a lot with the State budget and responds to requests for help on bills and ballot initiatives. She said the LAO currently employs two analysts who work on water policy, including herself. LAO staff produced two big reports on water policy issues in the last two years — first on drought and then on floods. She said these reports provide a good summary of conditions Californians will face.

Ms. Ehlers described the policy-making environment in Sacramento, noting that the Legislature is a key audience for the Water Plan. She said there has been a lot of churn in the Legislature during the past decade, and many experienced legislators in water issues have left office. She



said California has a very experienced governor right now who is very knowledgeable about both content and process. In contrast, the Legislature has many new members. They face a challenging learning curve for both process and content. Reform in 2012 changed term limits rules to allow people to stay longer if re-elected, and as a result, members seem a lot more engaged. She said the current speaker of the assembly is very interested in water issues, and highlighted that California will have a new governor in 2018. The new governor will have new staff, new secretaries, and new agendas. She said the governor has driven the policy agenda in the last several years, but that will likely change. She said the Legislature may rise a bit in power as a new governor comes in with less experience. Other important unknowns for the near future include the two-thirds majority Democrats currently hold in the Legislature, and how federal politics will affect California. She said there is a lot of discussion on the State potentially backfilling cuts from the federal level, and that it might be potentially difficult to put new planning efforts forward.

She shared five tips with the Policy AC:

1. Be actionable and specific in your recommendations. What explicit steps and changes are you recommending? Guide the policy-makers on what you want them to do. Provide a table with clear policy recommendations so that legislators can quickly identify their task or action.
2. Set goals that are measureable and build in metrics to measure progress towards those goals. Address the following: How will we know we have made progress? How much? How many? By what standards?
3. Be specific about *who* you want to do *what*. Is it something local? Regional? Who at which levels? Is it policy, legislation, a program, etc.? Put forward a summary table with check boxes.
4. Be honest, specific, and realistic about costs and funding sources. Think creatively. Be realistic, particularly about general funding as a potential source, especially with economic trends towards a recession, and even in boom times. We probably should not count on federal money, so we are talking about primarily local resources. Determine if there are tools to help provide support at the local level. Does this committee have suggestions to help modify Proposition 218? Would you recommend additional assessment districts? These are just some ideas.
5. Tell a clear and simple story. Make sure the executive summary is strong.

Questions/Comments

- There are underlying problems between the executive and legislative branches in terms of how to allocate funds. The tendency in the Legislature is annual appropriation, not continuous appropriation (for a five-year plan, for example).
 - Response: The Legislature does not like continuous appropriation because of the oversight responsibility. I recommend emphasizing a balance between local flexibility and State oversight. The Legislature will feel more comfortable if there are clear goals and measurable outcomes.



- Comment: We have models for continuous appropriation such as in transportation bills (e.g., Senate Bill (SB) 1).
- We have received recommendations to improve regulatory alignment. What are ways to make that happen? Any perspectives on gatekeeping for regulatory alignment?
 - Response: It is hard to legislate better cooperation. We saw this in our flood report. Leadership has to come from the executive branch on this issue.
- DWR: Not unlike the Legislature has experienced in the past decade with the influx of new legislators, the water industry and executive agencies faces an institutional turnover in coming years. This change will have big implications for management.
- How do we effectively outreach to and educate legislators?
 - Response: Get familiar with the legislative calendar. Briefings are great. Hold them at the State Capitol during lunch. Get bill ideas in early with members who are interested in water issues or have water issues in their districts. Legislators are looking for good bills to carry.
- How much do we need to back-stop issues at the State level in regards to changes in federal policy?
 - Response: We really do not know. The federal administration may not end up changing the policy, but might cut funding and cripple our ability to implement. To assess what to back stop would take much time in and of itself.

F. Sustainability Outlook (Chapter 2)

Paul Massera reviewed Chapter 2. The purpose of the chapter is to frame and give context to the information in Chapter 3. He went over the sustainability outlook wheel on page 11 of the workbook, which outlines the four societal values of sustainability and several proposed indicators for each of the values. He noted the assessment is a snapshot in time and reflects conditions statewide. He said DWR anticipates that California Water Plan Update 2023 (Update 2023) will include sustainability wheels at a regional level. He explained the wheel came from a survey DWR sent to the Water Plan Steering Committee and the Policy AC. The sustainability wheel is informed by expert knowledge (subjective opinion) in addition to objective data. The State will collect data on a few sections of the wheel in phases. Moving forward, the tool will need more data sources. He said DWR is positioning itself to have a more data-driven process and identify short-, medium-, and long-term metrics.

The following are questions from the Policy AC on the chapter:

Questions

- What data areas is DWR not collecting at this time?
 - DWR: I do not have a specific example, but can say that many of the bullet points need to be unpacked to collect more data at the granular level.
- Are there metrics for all the bullet points listed?
 - DWR: Not yet. The intent is to identify metrics for all the bullet points.



- What does the color spectrum key represent? How is it used?
 - DWR: Sustainability is not necessarily a static state, but a journey. The key reflects a spectrum of sustainability. The wheel reflects a snapshot in time.
- When will DWR be able to share with the Policy AC the current matrix of outcomes and indicators?
 - DWR: We will share something in the next few months, probably July 2017.
- Who is going to assign the value to those metrics? Are you going to keep the survey open? How are we moving towards assessment that is more objective?
 - DWR: The sustainability wheel was an initial assessment from expert stakeholders and was not a statistically sampled survey. We will not keep the survey open. We want to move toward a data driven assessment of sustainability, and develop metrics at the state and regional level, particularly at the regional level given variable conditions. The goal is to develop a common understanding of sustainability and define the elements of sustainability. The reality is that in 2018 we are not going to have all the data to assess sustainability, but we want to develop the framework with which to organize and interpret the data.

Discussion

DWR asked participants the follow questions regarding Chapter 2:

1. What are some of the challenges you have observed at the local, regional, or statewide scale that impede progress towards sustainable water resources management?
2. What are the root causes of those challenges?

Policy AC members offered recommendations and comments summarized below unless otherwise indicated as public comment.

Recommendations/Comments

- In regards to exposure to health threats, there is work being done at Office of Environmental Health Hazard Assessment under Carolina Balazs, particularly on indicators related to the human right to water.
- The division of the sustainability wheel into four areas of equal size communicates equal weight of each sector. Not sure if I disagree or agree with that. We need to address the relative weight and importance of all the elements and graphically convey the priorities — public health and safety should be top sustainability issues.
- Suggestion to change the language for the “social disruption” indicator from the negative to the positive, i.e., “social cohesion” and/or resilience. Resources to inform metrics in this category include Mark Lubell’s work at University of California, Davis and Mark Wilson’s work at University of California, Berkeley.
- Sustainability is always in relation to “for whom?” There is a fairness element to consider for all of the indicators, particularly distributive fairness.



- DWR: For biodiversity, we are looking at a few indices, e.g., degree of aquatic fragmentation. We want composite metrics or indicators that might already be used at the California Department of Food and Agriculture or the California Department of Fish and Wildlife. In conversations with other agencies, there are still gaps in biodiversity measurements.

G. Policy Recommendations and Supporting Actions (Chapter 3)

Mr. Massera explained that in Chapter 3, DWR wants to present recommendations to address root causes of potential impediments to updating the Water Plan or reaching sustainability (e.g., legislation, funding, data, etc.). He said that in the August Policy AC meeting, DWR will work with the group to identify specific actions related to the root causes.

Jenny Marr, DWR, gave an overview of Chapter 3. She said DWR is defining sustainability as a path, not a destination. Water management is dynamic. Looking forward to Update 2023, the goal is each region will have a sustainability wheel. The wheel is a tool to help identify when to assess and adapt water management strategies and action to any given situation. She said DWR heard the need to prioritize and narrow the list of actions. DWR has lists of recommended actions from earlier Water Plan updates, and decided to change tactics and identify root causes. She said they began to see overlap in the root causes and form recommendations based on thematic areas. These include:

- Infrastructure Rehabilitation and Modernization.
- Capacity Building.
- Governance.
- Regulations and Regulatory Action.
- Funding.

Questions

- Can DWR clarify the intent of this section on regulation?
 - Response: This chapter builds on work done in the Flood Futures report that included a lengthy appendix on regulatory issues and impediments to getting work done. DWR heard the need to move away from project specific mitigation as the only way to achieve ecosystem objectives. The chapter also seeks to provide a more holistic or regional approach to achieve ecosystem objectives. DWR wants to balance and streamline the regulatory environment, especially since ecosystem vitality is difficult to achieve on a project-by-project basis. An alternative could be to take a more planning-based approach, as opposed to a regulatory approach.
- The Update 2013 process included constituency-based advisory committees. Is that happening for Update 2018?
 - DWR: The Tribal Advisory Committee continues to meet. The Environmental Justice/Disadvantaged Communities (EJ/DAC) Caucus has not met, but we could



look into that. It would be helpful for DWR to know about ways to bring those groups together.

- Follow-up: We might be at the point where it would be good to engage the EJ/DAC Caucus. Engaging with tribes and DACs will be a very different discussion about root causes (i.e., colonialism, structural racism, capitalism, etc.).

Discussion

DWR asked participants the following questions regarding Chapter 3:

1. What red flags or concerns, if any, do you have for draft policy recommendations?
2. What additional (or reframing of existing) policy recommendations should we consider that would help the Water Plan align, integrate, or advance sustainable water resources management across the state?

Policy AC members offered recommendations and comments summarized below unless otherwise indicated as public comment.

Recommendations/Comments

Infrastructure rehabilitation and modernization

- The policy recommendations should be more explicit about public health and safety risks related to infrastructure. Aging infrastructure poses a public safety risk.
- Recommendations should be about enhancing the benefits, not just replacing the existing infrastructure. We need to improve the criteria for health and safety, and incorporate risk-based approaches as well.
- DWR should more clearly articulate how multiple uses now drive infrastructure rehabilitation efforts.
- DWR needs to set infrastructure standards for local entities to implement and align. Otherwise, agencies will not have the political will to do what they need to do.
- Make sure to include communities that do not even have infrastructure under this thematic area.
- Be more explicit about who is going to undertake modernization efforts—and it should be us all (State, local, and regional entities).

Capacity Building

- Fourth bullet point under this thematic area (about technical assistance and data sharing with DACs) presumes a one-way flow of information. This could be perceived as negative. Rephrase to reflect more collaboration, and to add tribes to the list.
- For the second bullet, consider adding pipeline issues. To whom is DWR offering capacity building? Consider not just existing water managers, but those who will become managers. Include expansion to improve representative demographics.

Governance

- Joint powers of authority agreements (JPAs) have been used to get local entities to work together. There are not many other good options for governance. The State has looked



at institutional reorganization, but that has been challenging. We want to retain local control and local power, but we know the State has an interest in watershed management. The State offers existing governance tools, but we have not defined a good governance model that can manage at the watershed level.

- There are many entities to coordinate and many governance structures (e.g., IRWM, basins, councils of governments, counties, water agencies). DWR needs to clarify what it wants in terms of governance and alignment. In particular, the first bullet point under governance should be more specific.
 - DWR response: We are taking a high-level view of governance. We would like to see regional/watershed level governance at some point, but we need to think about how to get there and how long would it take. We do not have enough time to develop a thorough discussion of watershed governance for Update 2018, especially with groundwater management and groundwater sustainability agency (GSA) formation.
- We have to take small, rational steps. One potential is to reduce the number of water agencies. Everyone has a different perspective within the system. It is not so easy to pull everyone together. Not sure that we could call for total restructuring of the State and be successful.
- Would like to see DWR focus on GSA formations accomplished by 2018. The update should note that SGMA overrides everything in terms of governance right now. We should avoid making governance an impediment to the work.
 - DWR: One of the reasons governance is included is that there are still challenges in terms of aligning the structures. We want to continue to develop partners that the State can engage and cultivate local autonomy.
- The specter of state hegemony is motivating local agencies to work together.
- GSAs face a big mission to achieve. Regionalism puts too much on the GSAs. They are one of the multiple and overlapping agencies. There have been concerns that GSAs will replace IRWM — but we know the answer is no. Government entities need to cooperate, but no one entity gets to run the show.
- DWR: Update 2018 should be very explicit about what IRWM and SGMA mean and how they work together. The governance section should address this.
- DWR: There are different constructs of authority in different areas. How do we get people to work beyond their own areas consistently? We have to think about what funding governance structure can exist, and how funds should come to the managing entity.
- DWR should look at Michelle Anderson's work on governance structures at Stanford Law.
- Make sure to maintain local control. DWR needs to be careful about conflicting statements and policies.
- It might be too much to ask the Water Plan to align all objectives in governance. A suggestion is for DWR to clarify the scope of the plan.



Regulatory

- The State ought to say certain timelines for sustainability are unacceptable (e.g., flood control in 90 years, replacement of urban water pipes in 150 years). Proposal to have the State articulate standards that describe what the State expects local agencies to do in relation to management.
- We need to be more articulate about who will undertake the projects, who imposes criteria, and who holds people accountable. If the State does all of those, that would be very controversial.
- Individual water purveyors will have regionally specific and differing criteria for achieving sustainability and making management decisions, particularly because water is revenue. Some areas will not be able to comply with standards and might end up paying a fine.
- DWR: As an alternative to specific standards, the State can provide the framework for the intended outcomes and clarify what DWR is able to do to assist locals.
- It is important understand root causes. But, State prescription makes people nervous. The way DWR frames recommendations and actions will be very important.
- There are elements and standards that already exist that State agencies can capture and restate in the Water Plan (e.g., flood control).
- In regards to the third bullet under governance on tools – it would help to be more explicit about what the State plans to do, and identify tracking tools and metrics.
- “Expand regulatory” is always unnerving. Suggest phrase change.
- There are different ways to align statutory elements. One approach is to amend the statute itself. Another is through executive actions to reorganize authority for alignment. The ultimate objective to align State power with intended outcomes. For example, the Wilson administration did that on toxics, and Governor Brown did that for drinking water. In some cases, the State provided financial resources for realignment (e.g., education in the 1960s).
- The purpose of alignment is not to reduce regulation per se, but make regulation more effective. One specific example is the shift from single species focus on mitigation versus conservation banking at the regional scale. The SWRCB effort on overall toxicity could be something to look into.
- DWR: We are piloting voluntary easement and banking on a regional scale rather than a project-by-project scale.
- The second bullet point under regulation is not clear about how land use fits into regulation and watershed planning. For alignment of goals, clearly articulate the link among regulation, watershed planning, and land use.
- With SB 244 (Planning for Unincorporated Disadvantaged Communities) there is a good opportunity for needs assessments in smaller communities that are underserved.
- DWR: We heard from Office of Planning and Research that it is including an addendum on water for general plan guidelines. SGMA also has a land use-planning component.



Funding

- In previous Water Plan updates, planning discussion primarily talked about State-level funding. Will the planning discussions expand to include local-level investments in this update?
 - DWR: This update emphasizes State investment, but considers all other levels as well, particularly in regards to State cost share. We envision recognizing the role of local investment, and we want to show the State funding levels in relation to local and regional investment. The goal is for the recommendations to focus on State funding investment.

H. Funding Plan

Paul Massera reviewed the purpose and overview of Chapter 4. The chapter will speak to investment needs identified in Chapter 2, and will include recommendations for short- and long-term needs. The intention is to couple funding mechanisms with the investment needs over time. DWR can be more specific and confident about numbers in the near future. The actions identified in Chapter 3 will link funding mechanisms to provide several funding scenarios (portfolios). The chapter gives information on the difference between capital investment and ongoing funding. He highlighted the importance of ongoing funding, which can include tools, maintenance, and planning.

Discussion

DWR asked participants the following questions on Chapter 4:

1. What can be done to make current funding mechanisms more effective in supporting State government's role in local/regional assistance and statewide sustainable water resources management (capital and ongoing funding needs)?
2. What new funding mechanisms could better enable State government to provide local/regional assistance and statewide sustainable water resources management (capital and ongoing funding needs)?

Policy AC members offered recommendations and comments summarized below unless otherwise indicated as public comment.

Recommendations/Comments

- Do we have clear definitions of the types of things to fund? Local governments are already spending money. Is the State trying to capture all the needs and potentially investments at all levels? It will be very hard to determine all the spending that happens.
 - DWR: We want to capture as much as of the funding universe as we can for context. In the five-year plan, we will describe the specific actions the State will



invest in over the near term. We want to capture information both for context and for State implementation. For example, we need to assess local needs to determine what kind of technical assistance or incentives would be most useful. We need to know what kind of cost share would be most beneficial. We did some of that in Update 2013, and showed how much local entities invest.

- It is surprising to see how little federal investment exists, both historically and projected into the future. But, federal investment depends on the sector (e.g., low in water supply, but higher in flood management).
- DWR: Federal investment has stayed relatively flat.
- With DACs, there is often a link between capital investment and ongoing funding.
- There is a need to strongly connect funding and governance. They seem more separate in the current outline. Create a nexus between Chapters 3 and 4 on governance and funding.
- DWR could potentially specify that only certain entities (e.g., IRWM) are eligible to receive certain funds. This would incentivize the group to collaborate and coordinate to receive funding and implement projects.
- DWR needs to consider and address the administrative costs and burden of funding sources. For example, IRWM has been through several iterations with bonds. For some the cost to participate was too high in relation to the potential gain. DWR should consider ways to achieve accountability, transparency, and program goals with less cost. One idea is baseline funding, which removes the competition factor. Another suggestion is to align reporting requirements to reduce the administrative costs.
- Proposition 1 bond money was done through reimbursements. Costs ended up being higher for everyone with the interest that was paid. State funding is not just about cost share, but when and how State money comes into play.
- National laboratories work on an upfront cost basis. The State passed legislation to allow the funding upfront rather than through reimbursement.
- Duplication happens too often on projects (e.g., modeling). This is particularly unfeasible and unsustainable for smaller and under-resourced entities.
- It is easier to work in isolation if there is conflict or lack of confidence in the program. If the State does not encourage collaboration, it is unlikely to happen. It would be good for the State to report to the Legislature and other stakeholders on projects that have been successful in terms of integration and coordination.
- We are in a formative stage of SB 208 (IRWM planning grants). The standard IRWM 10 percent withholding has proved to be a challenge. We will ask that DWR remove the withholding standard for DACs in particular.
- We need to hone in on what “benefits to DACs” means. We should expand the traditional way of thinking (i.e., benefit as proximity to DACs) to include good public process, jobs training, capacity building, etc. Would like definitions to be tied to funding mechanisms.
- Public-private partnerships are used at the local level, what about at the State level?



- The social impact investment sector is growing (e.g., enhanced infrastructure finance districts). We need to think about how to match return on investment with social benefit to EJ communities, and how the State could provide technical support or investment incentives
- AB 401, which addresses drinking water in DACs, requires SWRCB to create a plan for a statewide low-income ratepayer assistance program. The funding includes voluntary dollars from dischargers in exchange for shield from liability.
- There is a larger question about ongoing operations and maintenance costs at the local and State level. There may be funding to build the treatment plant, but no money to pay the operator. We need to link capital investments with ongoing funding needs.
- There are different kinds of state infrastructure — planning needs, but also regional needs. We need a variety of mechanisms to fund a variety of needs. We cannot count on bonds or the general fund. We need other mechanisms.
- State Water Project has a funding mechanism for funding itself.

I. Public Comment

Charlotte Briggs, DWR, asked for public comment. There was none.

J. Next Steps

Kamyar Guivetchi, DWR, outlined next steps. He asked participants to record any additional comments on Chapters 1-4 in the workbooks and forward them to DWR by May 3. He said DWR will share the updated draft chapter outlines with the Policy AC to review and provide comment on, or before the next meeting. He asked Policy AC members to provide any additional sources of information or comments for the draft estimates report. DWR will present Chapter 5 at the August meeting, which will include outcomes and indicators to track performance and progress between Water Plan updates. The next Policy AC meeting is set for August 23, 2017. The Water Plan plenary conference will be held on September 27, 2017 at McClellan Business Park. DWR intends to complete the public review draft by February 2018, which will be followed by a public comment meeting. DWR will convene another Policy AC meeting and plenary conference in 2018. The formal review processes will start in the fall of 2018. The hard deadline for completion is December 31, 2018.

K. Attendees

Agency Staff	
Name	Agency / Organization
Gary Bardini	DWR
Kamyar Guivetchi	DWR
Arthur Hinojosa	DWR
Paul Massera	DWR
Lewis Moeller	DWR



Jennifer Marr	DWR
Carmel Brown	DWR
Charlotte Biggs	DWR
Emily Alejandrino	DWR
Francisco Guzman	DWR
Gary Lippner	DWR
Hoa Ly	DWR
Jason Sidley	DWR
Jennifer Kofoid	DWR
Jose Alarcon	DWR
Kelly Briggs	DWR
Manucher Alemi	DWR
Megan Fidell	DWR
Tim Filler	DWR
Anne Lynch	CH2M
Lisa Beutler	Stantec
Alex Cole-Weiss	Center for Collaborative Policy
Rachel Elhers	Legislative Analyst's Office

Policy Advisory Committee Members

Name	Agency / Organization
Colin Bailey	Environmental Justice Coalition for Water
Amber Mace	California Council on Science and Technology
Joe Grindstaff	Inland Empire Utilities Agency
Jack Hawks	California Water Association
Rick Johnson	Sacramento Area Flood Control Agency
John Kingsbury	Mountain Counties Water Resources Association
Erin Mackey	California Urban Water Agencies
Mark Pestrella	Los Angeles County Department of Public Works
Chris Petersen	Groundwater Resources Association
Mark Seits	Floodplain Management Association
Fred Silva	California Forward
Lester Snow	California Water Foundation
Dave Bolland	Association of California Water Agencies
Evan Jacobs	California American Water
Gary Hildebrand	Los Angeles Department of Public Works
Grant Davis	Sonoma County Water Agency
Nick Konovaloff	Rural County Representatives of California
Paul Levy	Delta Stewardship Council